

# PROPOSED RESOLUTION

RES. W-4978  
DWA/RSK/BMD/ AJT/ds4

AGENDA ID #12831 Rev. 1  
Item #9  
4/9/14 11:00am

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION W-4978  
April 10, 2014

### RESOLUTION

(RES. W-4978) RIVERVIEW ESTATES WATER  
COMPANY ORDER SEEKING AUTHORIZATION  
TO ESTABLISH A LATE PAYMENT CHARGE OF  
\$18.00.

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### SUMMARY

By Advice Letters Nos. 22 and 22-A, filed on December 19, 2013 and January 22, 2014 respectively, Riverview Estates Water Company, a Class D water utility, seeks authorization to increase its Schedule No. LC, Late Payment Charge rates from \$5.00 to \$25.00.

Advice Letter No. 22-A modified the requested late charge from \$31.00 to \$25.00 as the \$25.00 rate is more reasonable and comparable to other water utilities of similar scope size.

After review of the costs resulting from late charges, the Division of Water and Audits (DWA) has modified the late payment charge to \$18.00.

This Resolution authorizes Riverview Estates Water Company to increase its Schedule No. LC, Late Payment Charge rates from \$5.00 to \$18.00.

### BACKGROUND

Riverview Estates Water Company's (Riverview) present rates became effective on June 22, 2013, pursuant to Advice Letter No. (AL) 21, which authorized a Consumer Price Index increase of \$236.41, or 1.7%. The existing \$5.00 Late Payment Charge was

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established by Resolution No. W-4634 dated March 15, 2007, General Rate Case for Test Year 2006, which authorized an increase of 45.2%, or \$3,720.

## **NOTICE AND PROTESTS**

In accordance with General Order 96-A, Section III.G., a copy of Riverview's AL 22-A was mailed to competing and adjacent utilities and other utilities and interested parties having requested such notification. A service list of such utilities and/or parties was included in the filing.

A copy of this request was mailed or electronically transmitted to all customers. No protests were received.

## **DISCUSSION**

Riverview has recently experienced problems with customers paying late. Five of Riverview's 17 customers typically require "10-day late notices." Two of these five habitually require a "2-day notice" to be sent or posted before payment is remitted.

Riverview is essentially a one-person operation, and when customers pay late, the operator must incur costs to obtain late payments, which are ultimately at the expense of other customers and it is unreasonable for those who pay promptly to bear the costs of those who are consistently submitting late payments.

DWA has reviewed Riverview's cost basis for late charges and including the costs of mailing, postage, record keeping, and related costs and modified the late payment charge to \$18.00.

Appendix A provides a copy Riverview's proposed Schedule No. LC, Late Payment Charge to increase the late payment charge from \$5.00 to \$18.00.

Therefore, it is recommended that the late payment charge should be increased to cover both the additional processing costs and to provide an incentive for late-paying customers to remit payments promptly.

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## DEFINITION AND TIER CLASSIFICATION

This matter is defined as a Tier 3 Classification in accordance with General Order 96-B, Section 5.3 (9); this matter is a change to a rate or charge pursuant to a methodology approved by the Commission for use in an advice letter.

## COMMENTS

Section 311(g)(2) provides that the 30-day review and comment period may be reduced or waived upon the stipulation of all parties in the proceeding. As this is an uncontested matter, the 30-day comment period is waived.

## FINDINGS

1. By Advice Letters Nos. (AL) 22 and 22-A, filed on December 19, 2013 and January 22, 2014 respectively, Riverview Estates Water Company (Riverview), a Class D water utility, seeks authorization to increase its Schedule No. LC, Late Payment Charge rates from \$5.00 to \$25.00.
2. Advice Letter No. 22-A modified the requested late charge from \$31.00 to \$25.00 as the \$25.00 rate is more reasonable and comparable to other water utilities of similar size.
3. After consideration of the costs resulting from late charges, the Division of Water and Audits (DWA) modified the late payment charge to \$18.00.
4. The advice letter request to increase the late charge was served by mail or electronically transmitted to all customers.
5. No protests were received.
6. Riverview's present rates became effective on June 22, 2013, pursuant to AL 21, which authorized a Consumer Price Index increase of \$236.41, or 1.7%.
7. The existing \$5.00 Late Payment Charge was established by Resolution No. W-4634 dated March 15, 2007.

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8. Riverview has recently experienced problems with customers paying late.
9. The late payment charge should be increased to cover both additional processing costs and to provide an incentive for late-paying customers to remit payments promptly.
10. This matter is defined as a Tier 3 Classification in accordance with General Order 96-B, Section 5.3 (9); this matter is a change to a rate or charge pursuant to a methodology approved by the Commission for use in an advice letter.

### **THEREFORE, IT IS ORDERED THAT:**

1. Riverview Estates Water Company's request to increase its Schedule No. LC, Late Payment Charge rates from \$5.00 to \$18.00 is adopted.
2. Riverview Estates Water Company shall file a supplemental advice letter with the revised rate schedule attached to this Resolution as (Appendix A) and concurrently cancel its presently effective, Schedule No. LC, Late Payment Charge. The effective date of the revised schedules shall be five days after the date of filing.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduce, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 10, 2014; the following Commissioners voting favorably thereon:

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PAUL CLANON  
Executive Director

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## APPENDIX A

### Riverview Estates Water Company Schedule No. LC

Riverview Estates Water Company Tehama County	Revised Canceling Revised	Cal. P.U.C. Sheet No. Cal. P.U.C. Sheet No.	234-W 181-W
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Schedule No. LC

**LATE PAYMENT CHARGE**

**APPLICABILITY**

Applicable to all customers.

**TERRITORY**

This schedule is applicable within the entire territory served by the utility.

**RATES**

Late Charge: A late charge of \$18.00 subject to the special conditions below.

**SPECIAL CONDITIONS**

1. The balance is unpaid and a subject to a late charge if the bill is past-due, or delinquent, as defined in Rule 11, Section B.1.a
2. The late charge should be imposed only once on a delinquent bill since the account would be shut-off before a subsequent bill and then subject to the reconnection fee as authorized by Tariff Rule No. 11.

(To be inserted by utility)	Issued by	(To be inserted by Cal. P.U.C.)
Advice Letter No. <u>22-A</u>	<u>Angelo L. Andreini, III</u>	Date Filed _____
	NAME	
Decision No. _____	<u>Owner/Operator</u>	Effective _____
	TITLE	
		Resolution No. _____

END APPENDIX A

# CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W- 4978 on all parties in these filings or their attorneys as shown on the attached lists.

Dated March 17, 2014, at San Francisco, California.

/s/ DANIEL SONG

Daniel Song

Parties should notify the Division of Water and Audits, Fourth Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

**RIVERVIEW ESTATES WATER COMPANY**

**ADVICE LETTER NO. 22-A**

**SERVICE LIST**

Tehama County Environmental Health  
633 Washington Street, Room 36  
Red Bluff, CA 96080

Tehama County Board of Supervisors  
Clerk of the Board  
PO Box 250  
Los Molinos, CA 96055

Richard Crabtree  
City Manager  
555 Washington Street  
Red Bluff, CA 90680

Fred L. Curry  
Submission Solutions  
2150 Lansdale Ave.  
San Francisco, CA 94127

[flcurry@gmail.com](mailto:flcurry@gmail.com)